

## EU27: The mobile telecommunications sector is dominated by four transnational groups

Data used to write this article comes from the OMSYC database, online at [www.omsyc.fr](http://www.omsyc.fr).  
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### Four groups control 63% of Europe's mobile subscribers...

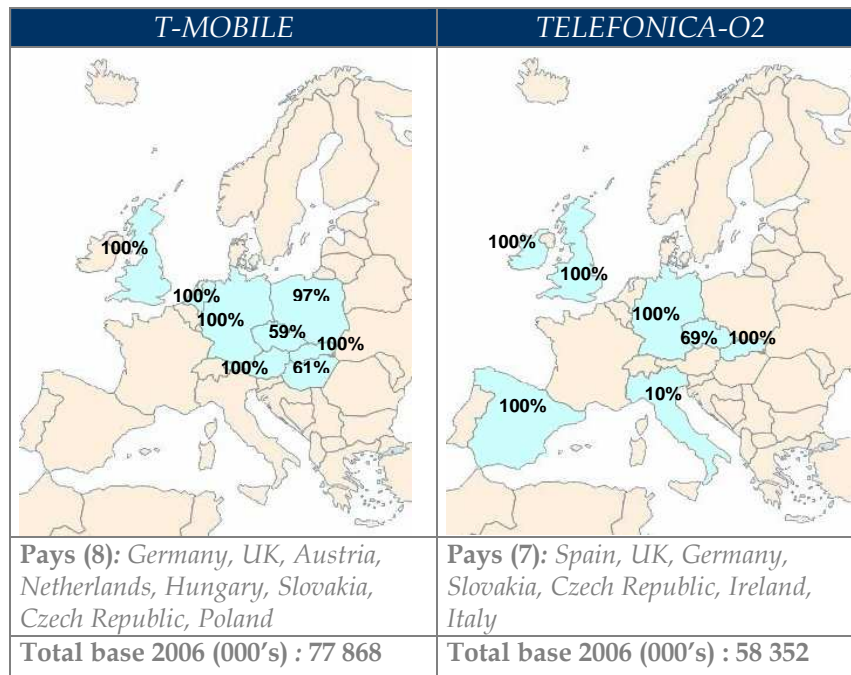
Four telecommunication groups dominate the extended European Union (27 countries). These companies are: Telecom Vodafone, Orange, T-Mobile and Telefonica-O2. At December 31, 2006, they controlled 331.2 million mobile subscribers, or 63% of the total number of the European Union's mobile subscribers. Between 2005 and 2006, the overall EU 27 subscriber base rose 10%. The four groups not only posted the same 10% gain in their

subscriber base, but also pushed up market share by 1%.

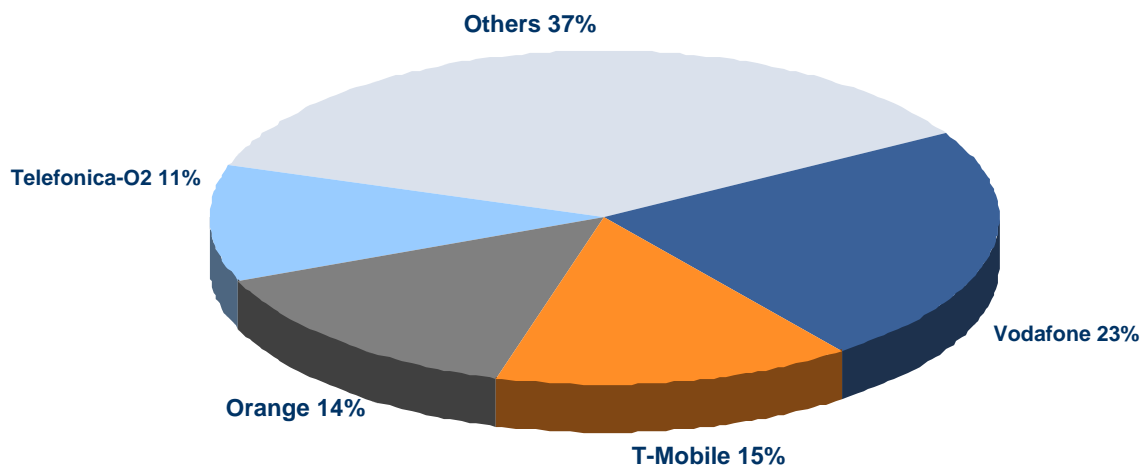
In January 2006, the Spanish incumbent Telefonica acquired the British O2 group, giving the Spanish operator a new European reach. Indeed, O2 was present in the United Kingdom, Germany, Ireland and the Czech Republic.

The table below shows the groups' respective footprint and shareholder structure.

VODAFONE	ORANGE
<b>Countries (13):</b> Germany, Italy, Spain, UK, Greece, Ireland, Malta, Netherlands, Portugal, Czech Republic, Hungary, Romania, France	<b>Countries (8):</b> France, UK, Spain, Poland, Belgium, Netherlands, Romania, Slovakia
<b>Total base 2006(000's) : 119 837</b>	<b>Total base 2006 (000's) : 76 506</b>



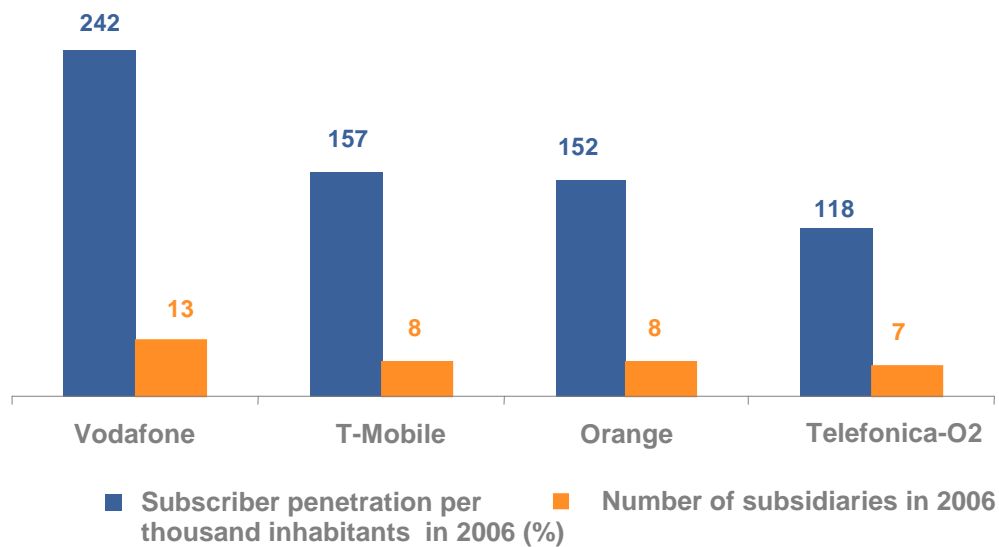
Graph 1 : EU 27 market shares of telecom operators (Dec.2006)



In 2006, three domestic subsidiaries of incumbent operators (Germany's T-Mobile, France's Orange and Spain's

Telefonica-O2) controlled 40% of the European Union's total subscriber base.

Graph 2 : Number of subscribers per thousand inhabitants and number of subsidiaries per group (EU27 - Dec. 2006)

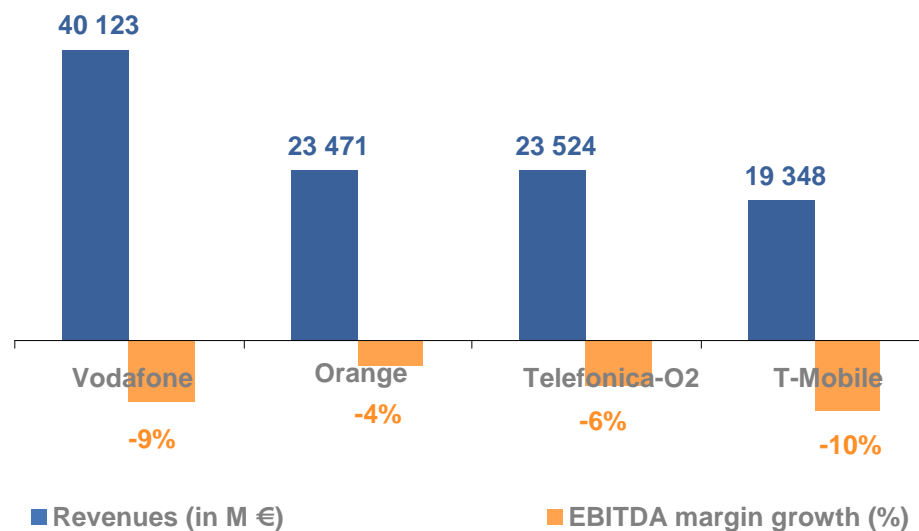


Present in 13 countries, the British-based Vodafone remains the dominant operator. Indeed, 242‰ of the total population of the 27 UE countries are Vodafone subscribers.

T-Mobile and Orange operate in 8 countries and respectively boast a penetration of 157‰ and 152‰ per thousand inhabitants.

*...but profitability is waning...*

Graph 3 : 2006 revenues and per group evolution of the 2005-2006 EBITDA (EU 27)



\* EBITDA: Earnings before interest, taxes, depreciation and amortization

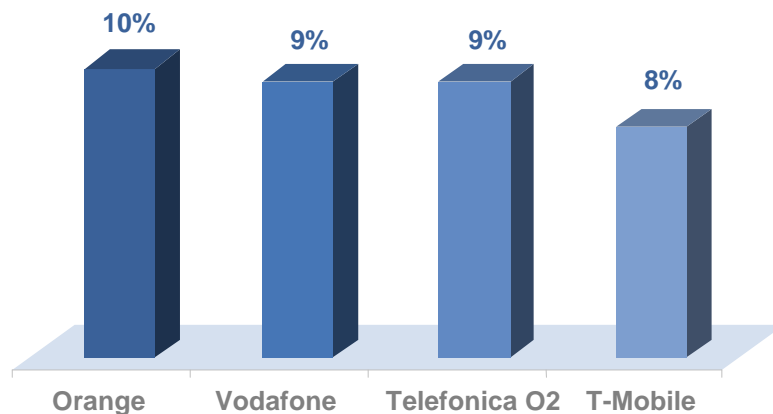
Paving the way, Vodafone generated 40 123 million euros in 2006, or 71 % more than Orange. T-Mobile grossed the lowest revenues.

Between 2005 and 2006, the four groups posted negative EBITDA margins; T-

Mobile and Vodafone were the hardest hit with a drop of respectively -10% and -9%. Revenues per subscriber for each of the four groups averaged between 21 euros (T-Mobile) and 35 euros (Telefonica O2).

*...Confronted with a saturated market, the groups are seeking new growth relays...*

Graph 4 : Subscriber base growth for the four groups (EU 27 - 2005-2006)



Between 2005 and 2006, none of the groups topped 10% growth, thereby explaining their desire to develop new business in other sectors, namely Latin America and Africa.

Orange, for example, invested in eight African countries: Botswana, Cameroon, Ivory Coast, Madagascar, Senegal, Mauritius, Egypt and Mali. In 2007, Orange furthered its presence on the continent, by purchasing two mobile licenses in Guinea and Guinea-Bissau.

Vodafone has built five-country strong presence: South Africa, Tanzania, Congo,

RDC, Mozambique and Lesotho. To find new business, the mobile telephony leader stretched out into landline and the Internet at end-2006. Vodafone currently offers a fixed-mobile convergence solution in the United Kingdom, fixed telephony in Romania, as well as landline broadband and mobile in Malta, and broadband operations in Ireland.

Telefonica-02, recently submitted a 3 billion dollar bid to Portugal Telecom to fully control their joint Brazilian subsidiary, Vivo.

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